



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

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April 25, 2012

Bonnie Lipscomb, Executive Director
Economic Development Department
City of Santa Cruz
337 Locust Street
Santa Cruz, CA 95060

Dear Bonnie:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Santa Cruz Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 13, 2012 for the period January through June, 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 28, 2011.

- 2011 Series C Bond project Items No. 1 on page 3; No. 4, 5, 8, 20, 27 on page 4; and No. 11, 18, 19, 20, 22, 26, 27, 29 on page 5 - in the amount of \$7 million are for projects that have no signed expenditure contracts.
- 2011 Series C Bond project Items No. 29 on page 4 and No. 13 on page 5 - for \$3 million are for amounts that have no signed expenditure contracts.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Please direct inquiries to Jennifer Whitaker, Manager or Robert Scott, Supervisor at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Kathryn Mintz, Redevelopment Finance Manager, City of Santa Cruz
Ms. Mary Jo Walker, Auditor-Controller, County of Santa Cruz